

Office of the
Legislative Fiscal Analyst

FY 2003 Budget Recommendations

Joint Appropriations Subcommittee for
Executive Offices and Criminal Justice

State Treasurer

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1.0 State Treasurer

Summary

The Treasurer is the Chief Investment Officer for the State and as such is authorized to invest State moneys at competitive market rates. The Treasurer's budget is divided into four different areas: Treasury and Investment, Financial Assistance, Money Management and Unclaimed Property.

	Analyst FY 2003 Base	Analyst FY 2003 Changes	Analyst FY 2003 Total
Financing			
General Fund	836,300	(1,300)	835,000
Dedicated Credits Revenue	188,200		188,200
Unclaimed Property Trust	1,151,300		1,151,300
Total	\$2,175,800	(\$1,300)	\$2,174,500
Programs			
Treasury and Investment	877,600	(1,300)	876,300
Unclaimed Property	1,151,300		1,151,300
Money Management Council	80,600		80,600
Financial Assistance	66,300		66,300
Total	\$2,175,800	(\$1,300)	\$2,174,500
FTE/Other			
Total FTE	27		27
Vehicles	1	0	1

2.0 Issues: State Treasurer

2.1 FY 2003 Budget

The Analyst FY 2003 budget recommendation includes the Revised Estimate from FY 2002 as approved by the Executive Appropriations Committee and the following items:

- Adjustment for FY 2002 one-time programs;
- Payroll cost of an extra day in FY 2003
- Transfers of Market Comparability Adjustments; and
- Net changes for Internal Service Fund rates.

FY 2003 changes reflect the incremental costs of across the board reductions and annualization of partial budget cuts approved for FY 2002.

2.2 Nonlapsing Intent Language

It is the intent of Legislature that funding for the State Treasurer be nonlapsing.

3.1 Treasury and Investment

Recommendation The Analyst recommends \$876,300 for Treasury and Investment.

	2001	2002	2003	Est/Analyst
Financing	Actual	Estimated	Analyst	Difference
General Fund	832,100	751,100	754,400	3,300
General Fund, One-time		(400)		400
Dedicated Credits Revenue	149,200	121,800	121,900	100
Transfers		300		(300)
Beginning Nonlapsing	70,000	287,200		(287,200)
Closing Nonlapsing	(287,200)			
Total	\$764,100	\$1,160,000	\$876,300	(\$283,700)
Expenditures				
Personal Services	627,500	690,900	666,600	(24,300)
In-State Travel	800	1,700	1,800	100
Out of State Travel	1,200	5,300	5,400	100
Current Expense	108,100	151,300	124,200	(27,100)
DP Current Expense	26,500	310,800	78,300	(232,500)
Total	\$764,100	\$1,160,000	\$876,300	(\$283,700)
FTE/Other				
Total FTE	10	10	10	
Vehicles	1	1	1	

Purpose

The State Treasurer serves as the custodian of bonds, warrants, securities, and all State monies. In this capacity the Treasurer's Office Serves as a depository for state funds. This involves the safekeeping, accounting, and investing of these funds.

Funds are invested at competitive market rates in bank certificates of deposit, commercial paper and other corporate obligations, notes and bonds of the United States and its agencies, housing authorities, Utah municipalities, and money market or mutual funds

The State Treasurer is a member of the State Bonding Commission that issues debt for the State. At his suggestion, short-term, variable rate bonds have been used to finance a portion of the highway reconstruction. The average interest rate paid on the variable rate bonds has been about 3.28 percent during the last three years compared to traditional fixed rate bonds of 4.6 percent. The savings resulting from this policy is approximately \$3,500,000 to \$5,000,000 per year for the life of the bonds which are anywhere from 7 to 12 years.

The State Treasurer also manages the investments for the Permanent State School and Institutional Trust Land Funds. The investment income for the public school's portion of the portfolio funds the State Trust Lands Program. This money is appropriated directly to the schools for their use. For FY 2002, \$6,000,000 was provided to the schools from this program.

3.2 Unclaimed Property

Recommendation The Analyst recommends \$1,151,300 for Unclaimed Property.

	2001	2002	2003	Est/Analyst
Financing	Actual	Estimated	Analyst	Difference
Unclaimed Property Trust	800,500	1,128,600	1,151,300	22,700
Beginning Nonlapsing	(1,900)	165,900		(165,900)
Closing Nonlapsing	165,900			
Total	\$964,500	\$1,294,500	\$1,151,300	(\$143,200)
Expenditures				
Personal Services	581,600	776,100	745,400	(30,700)
In-State Travel	900	5,000	2,000	(3,000)
Out of State Travel	9,300	15,000	11,100	(3,900)
Current Expense	346,500	384,600	328,700	(55,900)
DP Current Expense	26,200	113,800	64,100	(49,700)
Total	\$964,500	\$1,294,500	\$1,151,300	(\$143,200)
FTE/Other				
Total FTE	16	15	15	

Purpose The Unclaimed Property division is responsible for the disposition of unclaimed property of a variety of types. The costs of administering the Unclaimed Property Fund are paid from the fund. Unclaimed property is deposited into the Uniform School Fund.

3.3 Money Management

Recommendation The Analyst recommends \$80,500 for the Money Management Council.

	2001	2002	2003	Est/Analyst
Financing	Actual	Estimated	Analyst	Difference
General Fund	78,600	80,800	80,600	(200)
General Fund, One-time		(300)		300
Closing Nonlapsing	(16,079)			
Total	\$62,521	\$80,500	\$80,600	\$100
Expenditures				
Personal Services	59,317	64,595	66,800	2,205
In-State Travel		1,000	1,200	200
Current Expense	3,204	14,605	12,600	(2,005)
DP Current Expense		300		(300)
Total	\$62,521	\$80,500	\$80,600	\$100
FTE/Other				
Total FTE	1	1	1	

Purpose

The Utah Money Management Council is responsible for the oversight of the investments made by all Utah Public Treasurers. This involves dealing with over 500 public treasurers of varying professional skill levels. Additionally, the Council must affirm the trustworthiness of more than 60 financial institutions which hold public funds.

The council is comprised of five members appointed by the Governor and the advice and consent of the Senate. At least one member must be from banking, one must be an elected treasurer, one must be an appointed treasurer and one must be experienced in the field of investments. No more than three members of the council may be from the same political party.

3.4 Financial Assistance

Recommendation The Analyst recommends \$66,300 for Financial Assistance.

	2001	2002	2003	Est/Analyst
	Actual	Estimated	Analyst	Difference
Financing				
Dedicated Credits Revenue		66,300	66,300	
Total	\$0	\$66,300	\$66,300	\$0
Expenditures				
Personal Services		54,641	54,400	(241)
In-State Travel		600	600	
Out of State Travel		1,500	1,500	
Current Expense		5,413	5,400	(13)
DP Current Expense		1,400	1,400	
DP Capital Outlay		2,746	3,000	254
Total	\$0	\$66,300	\$66,300	\$0
FTE/Other				
Total FTE	1	1	1	

Purpose The Financial Assistance section evaluates proposals for water and other infrastructure development submitted to the Community Impact Board, the Board of Water Resources, the Water Pollution Control Committee and the Safe Drinking Water Committee. The proposals are prioritized and a standardized response is made. The position is funded by the boards which utilize the service.

4.0 Additional Information: State Treasurer

4.1 Funding History

	1999	2000	2001	2002	2003
	Actual	Actual	Actual	Estimated	Analyst
Financing					
General Fund	765,200	790,000	910,700	831,900	835,000
General Fund, One-time				(700)	
Dedicated Credits Revenue	138,700	143,900	149,200	188,100	188,200
Unclaimed Property Trust	996,700	937,000	800,500	1,128,600	1,151,300
Transfers				300	
Beginning Nonlapsing	73,700	154,200	70,000	453,100	
Closing Nonlapsing	(154,100)	(70,000)	(453,100)		
Lapsing Balance		(70,700)			
Total	\$1,820,200	\$1,884,400	\$1,477,300	\$2,601,300	\$2,174,500
Programs					
Treasury and Investment	811,700	780,400	764,100	1,160,000	876,300
Unclaimed Property	951,200	1,043,200	634,600	1,294,500	1,151,300
Money Management Council	57,300	60,800	78,600	80,500	80,600
Financial Assistance				66,300	66,300
Total	\$1,820,200	\$1,884,400	\$1,477,300	\$2,601,300	\$2,174,500
Expenditures					
Personal Services	1,285,300	1,271,300	1,040,400	1,586,236	1,533,200
In-State Travel	4,500	2,200	1,700	8,300	5,600
Out of State Travel	15,100	12,000	10,500	21,800	18,000
Current Expense	387,500	398,400	372,000	555,918	470,900
DP Current Expense	76,500	202,500	52,700	426,300	143,800
DP Capital Outlay				2,746	3,000
Capital Outlay	51,300	(2,000)			
Total	\$1,820,200	\$1,884,400	\$1,477,300	\$2,601,300	\$2,174,500
FTE/Other					
Total FTE	25	27	27	27	27
Vehicles			1	1	1